

All contractor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with purchasing, accounts payable, and travel and business entertainment policies described in this manual.
2. Generally, all contractors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services.
3. Total cash requirements associated with each invoice are monitored in conjunction with available cash balance prior to the approval of invoices by WVOEO.
4. All supporting documentation is attached to the invoice prior to approval by WVOEO.

Check Signing

WVOEO does not process checks. The Auditor's Office and Treasurer's Office are responsible for all payments on behalf of WVOEO.

Mailing of Checks

The Treasurer's Office is responsible for mailing checks.

Voided Checks and Stop Payments

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed electronically in wvOASIS by WVOEO Fiscal staff and approved electronically by the Treasurer's Office.

CREDIT CARDS/PURCHASING CARDS

Issuance of Corporate Credit Cards or Purchasing Cards

At this time WVOEO does not issue credit cards to individual employees. The Programs Administrative Assistant has a Ghost Account card for all travel and a P-Card for miscellaneous items. All credit card use is subject to the guidelines established by the Purchasing Division.

Sales Tax

The Programs Administrative Assistant should remind contractors at the time of purchase that as a State Agency, WVOEO is exempt from sales tax. The Programs Administrative Assistant should keep a copy of WVOEO's sales tax exemption form to present to the vendor at the time of purchase. If sales tax is charged for a card purchase that should be tax exempt, the Programs Administrative Assistant should contact the contractor directly to request a credit for the amount of the sales tax.

Card User Responsibilities

The Programs Administrative Assistant shall submit all invoices for credit card purchases to the Fiscal Department on a monthly basis. The Fiscal Department will code and return to the Programs Administrative Assistant who will forward invoices to the Commerce Procurement Officer on a monthly basis for payment to the credit card company.

Any fraudulent or other unauthorized charges shall be immediately pointed out to the CFO for further investigation with the card provider.

Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the Agency's disciplinary actions discussed earlier in this manual.

The Programs Administrative Assistant shall report the loss or theft of a corporate credit card immediately by notifying the credit card company as well as the Director and CFO.

PAYROLL AND RELATED POLICIES

Payroll Administration

The WVOEO currently operates on a semi-monthly payroll. All salary and benefit payments, records and other Human Resource functions are the responsibility of the Department of Commerce who follow the Department of Personnel Policies of the State of WV.

A personnel file is established and maintained for all employees with current documentation, as described throughout this section.

The following forms, documents, and information shall be obtained and included in the personnel files of all new employees:

1. Employment Application (and resume, if applicable)
2. Applicant references (work & personal)
3. Interview questions and notes
4. Form W-4 Employee Federal Withholding Certificate
5. Form IT 104 State Withholding Certificate
6. Form I-9 Employment Eligibility Verification
7. Copy of driver's license
8. Copy of Social Security card issued by the Social Security Administration
9. Starting date and scheduled hours
10. Job title and starting salary
11. Authorization for direct deposit of paycheck, along with a voided check or deposit slip
12. Job description

Each employee payroll file shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

If required by specific grants, the employee payroll file must also include a pre-employment background check.

Changes in Payroll Data

All of the following changes in payroll data are to be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate Director and the Human Resources Director as required by Agency policy.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

Personnel Activity Reports

The WVOEO follows the requirements in *2 CFR Part 200.430(i), Standards for Documentation of Personnel Expenses*, as well as requirements in specific grants.

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. Be incorporated into the official records of the Agency;
3. Reasonably reflect the total activity for which the employee is compensated;
4. Encompass both federally assisted and all other activities compensated by the Agency on an integrated basis;
5. Comply with the established accounting policies and practices of the Agency; and
6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award or a Federal award and non-Federal award.

Preparation of Time and Effort sheets (timesheets)

Each WVOEO employee must submit to the Administrative Assistant a signed and approved Time and Effort sheet no later than the 2nd day following the close of each month. Time and Effort sheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked for each program during the pay period, whether compensated or not.
2. Timesheets shall be prepared electronically (or in ink).

3. Errors shall be corrected by crossing through the incorrect entry, filling in the correct entry, and placing the employee's initials next to the change (i.e., employees shall not use whiteout or correction tape).
4. Employees shall identify and record hours worked based on the nature of the work performed.
5. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such.
6. Timesheets shall be signed by the employee prior to submission.

After preparation, Supervisors or their designees shall approve timesheets prior to submission to the Administrative Assistant. Corrections identified by an employee's supervisor shall be authorized by the employee by initialing next to the change.

An Agency employee who is on leave, traveling, or is ill on the day that timesheets are due may telephone or email timesheet information (actual time worked and the appropriate classifications) to his or her supervisor (or designated alternate). The employee must initial a timesheet submitted in this manner immediately upon his or her return to the office. Timesheets submitted in this manner shall bear the notation, "Time reported by telephone or email by (employee) to (supervisor or designated alternate)." The timesheet shall be signed by the supervisor or the designated alternate.

Processing of Timesheets

The Administrative Assistant sends the Time and Effort sheet to the CFO. The CFO will process the timesheets by checking them for mathematical accuracy before completing the monthly payroll allocation.

Review of Payroll

All salary and benefit payments, records and other Human Resource functions are the responsibility of the Department of Commerce who follow the Department of Personnel Policies of the State of WV.

Distribution of Payroll

Payroll payments (or check stubs for electronic deposits) shall be distributed by individuals who do not approve timesheets, are not responsible for hiring and firing, and do not control the preparation of payroll.

POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS

CASH AND CASH MANAGEMENT

Cash Accounts

General Checking Account (operating account):

The WVOEO does not maintain bank accounts – check or savings and has no petty cash. All funds are on deposit with the State Treasurer's Office who is the single banking entity for WVOEO. Agency funds are held in "Funds" in the Treasurer's Office as created and defined in the state accounting system.

Most state and federal funds are transferred electronically into Agency accounts. Other income, such as checks, is deposited at the Treasurer's Office at the Capitol.

Drawdowns are done on an as-needed basis to cover current expenses.

Grant Reconciliations

Grant reconciliations are completed on a monthly basis. The reconciliation process shall involve a review of each grant balance maintained by WVOEO Fund Summary sheets compared to the cash balance and grant balances derived from wvOASIS reports. A monthly meeting is held by WVOEO Fiscal staff with the Director and Program Managers. A Fund Summary and detail of invoices paid, journal entries completed, revenue received, and any misc. items are provided for each grant during the meeting. Each program and grant budget is reviewed along with the detail of items paid and any adjusting journal entries resulting from the meeting are prepared and completed by Fiscal staff. Copies of resulting journal entries are filed in the current year's accounting files.

Reports are also prepared from Awarding Agency draw systems and compared to WVOEO records on a regular basis.

Federal Award Reporting

For CDBG-DR awards specifically, the WVOEO shall utilize HUD's Disaster Recovery Grant Reporting (DRGR) system to submit financial and performance data to HUD regarding activities funded under CDBG-DR. DRGR provides the means for updating and reconciling grant award amounts, drawdown information, and current balances from the Line of Credit Control System (LOCCS). The WVOEO will provide quarterly updates which are entered into the DRGR system by the program manager. Through DRGR, the WVOEO can create vouchers which are then reconciled with the drawn amounts compared to LOCCS to ensure accuracy of financial balances. After the vouchers are processed via LOCCS, DRGR updates the status of the vouchers, enabling users to track the status of their draw-downs. The WVOEO shall track the following in the DRGR system:

- Grants, Sub-funds, and sub-grants
- Consolidated Plan/Action Plan
- Projects
- Activity Setup
- Activity Funding
- Program Income
- Draw-downs
- Accomplishment Reporting
- Reports
- Security and Data Access

WVOEO will ensure that information on obligations, expenditures, and program income submitted to HUD in DRGR, QPR or other applicable reports reconcile with WVOEO's accounting records for time periods reviewed.

Cash Flow Management

The CFO or Accountant balances cash on a daily basis by using the current invoice spreadsheet and comparing it to the BBALS information screen in wvOASIS to monitor cash flow needs to eliminate idle funds and to ensure that payment obligations can be met. Drawdowns are performed on an as-needed basis.

The WVOEO adheres to the requirements of its grants which prohibit loaning funds between programs; therefore, cash management and reporting is performed at the program level as well as for the Agency as a whole.

Stale Checks

WVOEO runs a stated dated check report each month to monitor any checks that have not cleared the bank. For checks that are 2 months old that have not cleared the Agency's bank, contact will be made with the payee to resolve the issue and a stopped payment will be issued through wvOASIS if necessary.

The WVOEO will also comply with West Virginia laws regarding unclaimed property. Accordingly, if uncashed checks are subject to a state reporting and transfer requirement, the Agency shall file all appropriate forms and remit unclaimed property to the appropriate jurisdiction.

Petty Cash

The WVOEO has no petty cash funds.

Wire Transfers

The CFO and the Accountant shall be the only WVOEO employees authorized to transact wire transfers to WVOEO bank accounts. The Treasurer's Office processes all wire transfers from WVOEO accounts after the transactions have been initiated by the CFO or Accountant.

PROPERTY AND EQUIPMENT

The WVOEO follows the Purchasing Division guidelines for fixed assets and inventory found at the following web address: http://www.state.wv.us/admin/purchase/surplus/surplus_operations_manual.pdf

Equipment and Furniture Purchased with Federal Funds (2 CFR Part200.313)

The WVOEO may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a federal agency. In addition to those policies described earlier, equipment and furniture charged to federal awards will be subject to certain additional policies as described below.

All purchases of *equipment* with federal funds shall be purchased according the guidelines established by the federal awarding agency. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to federal awards.
2. For equipment (or residual inventories of supplies) with a remaining per unit fair market value of \$5,000 or less at the conclusion of the award, WVOEO shall retain the equipment without any requirement for notifying the federal agency.
3. If the remaining per unit fair market value is \$5,000 or more, WVOEO shall gain a written understanding with the federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs not to exceed \$500, to the federal agency. 2 CFR Part 200.313(e)
4. The Program Manager shall determine whether a specific award with a federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
5. A physical inventory of all equipment purchased with federal funds shall be performed annually by an employee who is not responsible for ordering or approving the purchase of these assets. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by WVOEO.

Establishment and Maintenance of a Fixed Asset Listing

All capitalized property and equipment shall be recorded in a property log. This log shall include the following information with respect to each asset: 2 CFR part 200.313(d) (1)

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number or other identification number)
4. Source of the funds used to purchase the equipment, including the federal award number, if applicable
5. Information to calculate the federal share of the cost of the equipment, if applicable
6. Location, use and condition
7. Depreciation method
8. Estimated useful life
9. Ultimate disposition data including the date of disposal and sale price

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis by WVOEO. This physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Director or designee.

Receipt of Newly Purchased Equipment and Furniture

At the time of arrival, all newly purchased equipment and furniture shall be examined for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the contractor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the contractor immediately.

Depreciation and Useful Lives

Property and equipment are depreciated over their estimated useful lives using the straight-line method as determined by wvOASIS.

Disposition of Property and Equipment

If equipment is sold, scrapped, donated, or stolen, adjustments need to be made to the fixed asset listing and property log.

Write-Offs of Property and Equipment

The CFO approves the disposal of all capitalized fixed assets that may be wornout or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the CFO and Surplus/Purchasing Division. If not located, this property will be written off the books with the proper notation specifying the reason.

LEASES

The approval of all leases for office space is the responsibility of the Leasing Section of the West Virginia Department of Administration.

Classification of Leases

The WVOEO classifies all leases in which the agency is a lessee as either capital or operating leases. The WVOEO shall utilize the criteria described in Statement of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to WVOEO at the end of the lease term.
2. The lease contains a bargain purchase option.
3. The lease term is equal to 75% or more of the estimated economic life of the leased property.
4. The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of the Agency's incremental borrowing rate or, if known, the lessor's implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

Reasonableness of Leases

The WVOEO assesses the value of leases according to the requirements of 2 CFR Part 200.465, Rental Costs of Real Property and Equipment, considering the following factors;

- The rate is reasonable when compared to similar property in the same area;
- The rate of any alternatives; and
- The type, life expectancy, condition, and value of the property leased.

Rental arrangements will be reviewed every 1 to 2 years to determine if circumstances have changed and other options are available.

Accounting for Leases

All leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the lease payment is due.

All leases that are classified as capital leases shall be treated as fixed asset additions. As such, upon the inception of a capital lease, WVOEO shall record a capitalized asset and a liability under the lease, based on the net present value of the minimum lease payments (or the fair value of the leased asset, if it is less than the present value of the lease payments). Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense. The capitalized asset recorded under a capital lease shall be depreciated over the term of the lease, using the straight-line method of depreciation.

The WVOEO shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms, including a schedule of future annual lease payments obligations.

Changes in Lease Terms

As described in earlier policies, leasehold improvements and deferred rent incentives are amortized over the initial lease term. If such lease term is changed prior to the expiration of the initial lease term, WVOEO will revise amortization to reflect the remaining lease term as of the effective date of the lease modification.

INTANGIBLE ASSETS

Acquisition of Intangible Assets

Intangible assets include a variety of items, such as copyrights, service marks, trademarks, license agreements, and videos. The Agency may acquire intangible assets in any of the following manners:

1. Contribution from a donor;
2. Purchase from an outside party that holds title to an intangible asset; or
3. Internally developing an intangible asset through utilization of the Agency's employees, volunteers, and contractors (e.g., an employee writes a document on behalf of the Agency)

Accounting for Intangible Assets

Intangible assets acquired by contribution from donors shall be accounted for as assets measured at fair value at the date of the gift.

Intangible assets acquired by purchase shall be capitalized as assets at the purchase price paid for such assets.

The costs of intangible assets that are developed internally shall be charged to expense (not capitalized) if any of the following criteria are met:

1. The intangible asset is not specifically identifiable.
2. The asset has an indeterminate life.
3. The asset is inherent in the Agency and related to the Agency taken as a whole.

Costs of internally-developed intangible assets not meeting any of the three preceding criteria shall be capitalized. These costs may include salaries, allocated employee benefit costs, consultant fees, and other related costs.

Amortization

Capitalized intangible assets of the Agency shall be amortized over their useful lives, using the straight-line method of amortization.

POLICIES ASSOCIATED WITH FINANCIAL REPORTING

FINANCIAL REPORTING

Standard Financial Records of the Organization

Preparing financial reports and communicating key financial information is a necessary and critical accounting function. Financial reports are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the Agency. Financial statements may reflect year-to-year historical comparisons or current year budget-to-actual comparisons.

Frequency of Preparation

The objective of the Fiscal Department is to prepare accurate financial reports in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:

A standard set of financial reports described in the preceding section shall be produced on a monthly basis by the 10th of each month. The standard set of financial statements shall be supplemented by the following schedules:

1. Individual statements of activities on a grant basis

2. Comparisons of actual year-to-date revenues and expenses with year-to-date budgeted amounts

The monthly set of financial reports shall be prepared on the cash basis of accounting.

Review and Distribution

All financial reports and supporting documentation shall be reviewed and approved by various Fiscal staff prior to being issued by the Fiscal Department.

After approval, a complete set of monthly financial reports, including the additional documentation described above, shall be distributed to the following individuals:

- Director
- Program Managers and any other employee with budget-monitoring responsibilities

Monthly Distribution

Financial reports shall be prepared and distributed on a monthly basis to the Director and Program Managers.

Annual Financial Reports

On an annual basis, the Agency shall prepare, under the direction of the CFO, a complete set of GAAP financial reports, including footnotes addressing all disclosures required by GAAP. These financial reports shall be reviewed by the CFO of the Commerce Department. After review and approval, they are presented to the FARS Department and independent auditors at the beginning of their annual audit as the draft reports from which they will conduct their audit.

PREPARATION OF CONSOLIDATED FINANCIAL RECORDS

Consolidation Policy

While WVOEO shall maintain accounting records and prepare financial reports on a stand-alone basis, to facilitate financial management and preparation of reports that must be prepared solely for the Agency, the Agency may also be required to prepare consolidated financial reports in order to fully comply with GAAP. When consolidated financial reports are prepared, a single set of financial reports is prepared that combines all grants by CFDA number and reported on the SEFA.

FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial terms. A budget should be designed and prepared to

direct the most efficient and prudent use of the organization's financial and human resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the organization's programs and activities simultaneously in light of the available resources.

Budgets are also prepared for funding sources, and each Program Manager must be aware of budget modification requirements. Awarding agencies may or may not require approval for changes in line items. WVOEO will document and follow all such requirements.

Preparation and Adoption

The WVOEO will prepare an annual budget on the cash basis of accounting for each grant. The CFO gathers proposed grant budget information from all Program Managers and prepares the budget. Budgets proposed and submitted by each Program Manager should be accompanied by a narrative explanation of the sources and uses of funds.

After compilation of all grant budgets by the CFO, the budgets are presented to the Director and Program Managers for discussion and revision if necessary.

Budgets for programs that are not on the Agency's fiscal year will be prepared in accordance with awarding agency requirements.

Monitoring Performance

The WVOEO monitors its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Fiscal Department and distributed to Program Managers.

Budget and Program Revisions

The WVOEO will request prior approval from federal awarding agencies for any of the following program or budget revisions: 2 CFR Part 200.308

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (Project Director, etc.) specified in the application or award document.
3. Disengagement for more than three months, or a 25% reduction in time devoted to the project, by the approved Project Manager or employee.
4. The need for additional federal funding.

5. The inclusion, unless waived by the federal awarding agency, of costs that require prior approval in accordance with 2 CFR Part 200.407, Prior written approval.
6. The transfer of funds allotted for participant support costs to other categories of expense.
7. Unless described in the application and funded in the approved awards, the subaward, transfer, or contracting out of any work under an award. (However, this provision does not apply to purchases of supplies, materials, equipment, or general support services.)
8. Changes in the amount of the approved cost-sharing or matching provided by the Agency.

Budget Modifications

After a budget has been established and adopted by the Agency, reclassifications of budgeted expenses within a grant may be made by the CFO as necessary based on discussion in the monthly Fiscal/Program meeting or on an as needed basis to process invoices, in accordance with grant regulations.

For HUD awards specifically, any proposed changes to an approved project's **budget, scope**, objectives will be identified to HUD by the appropriate designee of WVOEO/WVCAD. Once approval is received by HUD, then the WVOEO/WVCAD designee shall provide an update to WVOEO Finance / Administration. Finally, a quarterly report shall be submitted through DRGR prior to the last day of each quarter, or prior to a date required by HUD. The report shall include any proposed changes to the project's budget, scope, objectives, or funding needs.

ANNUAL AUDIT

Role of the Independent Auditor

The Financial Accounting and Reporting Section (FARS) of the West Virginia Department of Administration is responsible for arranging the State's annual audit for all departments. The independent accounting firm selected by FARS shall communicate directly with the Agency's staff upon the compilation and completion of their audit. In addition, **members of the Agency's staff are authorized** to initiate communication directly with the independent accounting firm.

Audited financial statements, including the auditor's opinion thereon, will be submitted to Agency staff by the independent accounting firm or FARS. In addition, the independent auditor will submit the required data collection form and reporting package to the Federal Audit Clearinghouse within 30 calendar days of their report in accordance with 2 CFR 200.512.

Preparation for the Annual Audit

The WVOEO shall be actively involved in planning for and assisting with the State's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Fiscal Department shall provide assistance to the independent auditors in the following areas:

Planning – In anticipation of the annual audit, the CFO shall perform a self-assessment of internal controls utilizing the “Standards for Internal Control in the Federal Government” guidance issued by the Comptroller General of the United States to ensure compliance with 2 CFR 200.303(a). The CFO is responsible for delegating the assignments and responsibilities to Fiscal staff in preparation for the audit. The CFO or Director shall review the list of information requested by the auditors and assign responsibility for each item to the appropriate staff of the Agency. The CFO or Director shall then schedule and direct status meetings in the weeks leading up to the audit in order to review the progress of staff in preparing for the audit.

The CFO or Director shall arrange and coordinate any and all meetings, interviews, telephone discussions, and conference calls requested by the auditor with WVOEO employees to facilitate the auditor’s work. Prior to any such meetings or discussions, the CFO or Director shall inform each Agency participant of the nature of the discussion or meeting and what, if any, preparations they should do prior to the meeting. The CFO or Director shall communicate to each Agency participant in such meetings or discussions the importance of being open, honest, and frank with the auditors with respect to any and all questions posed by the auditors.

Involvement – WVOEO staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

Interim Procedures – To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the Agency’s year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Agency staff will provide requested schedules and documents to assist the auditors during any interim audit fieldwork.

Throughout the audit process, WVOEO will make every effort to provide schedules, documents, and information requested by the auditors in a timely manner.

Concluding the Audit

Upon receipt of a draft of the audited financial statements of WVOEO from the independent auditor, the CFO and Director shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors.
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of WVOEO.
3. Review each footnote for accuracy and completeness.

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the CFO and Director.

It shall also be the responsibility of the CFO or Director to review and respond in writing to all management letters or other internal control and compliance report findings and recommendations made by the independent auditor.

Audit Adjustments

It is the policy of WVOEO to review all adjustments prepared by the independent auditor in connection with the annual audit, and, if in concurrence, record them in the general ledger.

The Agency may also receive a list of unadjusted differences (or passed audit adjustments) from the independent auditor in connection with the audit. If the Agency receives such a list, it shall be the responsibility of the CFO to review them and determine whether or not to record them in the current year.

Internal Control Deficiencies Noted During the Audit

In accordance with generally accepted auditing standards, at the conclusion of the audit the Agency's independent auditors may provide a written communication of internal control deficiencies noted in connection with their audit. Not all deficiencies in internal control are required to be reported by the auditor. Only the following two types of deficiencies are required to be communicated:

1. **Material weakness** – A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.
2. **Significant deficiency** – A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Agency's independent auditors are required to provide written communication to the FARS and WVOEO of all significant deficiencies and material weaknesses (i.e., only those control deficiencies that rise to the level of materiality at which they qualify under the definitions provided above, in the opinion of the auditor).

It is the Agency's policy that all internal control deficiencies that are communicated by the auditor in writing shall be formally addressed by Director and the CFO. The Director and the CFO shall prepare a written response, which shall include a summary schedule of prior audit findings and corrective action plan, to each internal control finding and such response shall be presented to the FARS Department for its review and approval.

Communications with the Auditors

In accordance with generally accepted auditing standards, in connection with and at the conclusion of each annual audit, the auditors are required to make certain communications directly to the FARS and WVOEO.

Some of the communications that WVOEO's auditors may have with the FARS include:

1. Planning discussions prior to commencing the audit, such as by inquiring of FARS members their perception of where the risk of material misstatements in the Agency's financial statements may be greatest, the various risks of fraud, and other inquiries.

2. Planning stage communications informing FARS of the planned scope and nature of certain audit procedures that the auditors plan to perform, to aid in the Agency members having a thorough understanding of the audit.
3. Internal control deficiencies noted during the audit, communicated in writing at the conclusion of the audit.
4. Any material fraud detected by the auditor, or any fraud, regardless of materiality, involving senior management, noted at any time during the audit.
5. Significant problems or other issues that arose during the audit (e.g., disagreements with management and certain other items that the auditors may be required to report to the audit committee).
6. Audit adjustments made by the auditors as a result of their audit.
7. Certain audit differences noted by the auditors that they deemed not material enough to warrant making an adjustment for.

FARS members should be aware of these communications and engage in active discussions with the auditors whenever it is considered appropriate in the fulfillment of these or their other duties.

INSURANCE

Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of WVOEO.

WVOEO maintains adequate insurance against general liability, as well as coverage for buildings, contents, computers, equipment, machinery, and other items of value.

Coverage

The WVOEO carries the following types and levels of insurance through the Board of Risk Management (BRIM):

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Comprehensive General Liability	Limit of Liability \$1,000,000 each occurrence*
Personal Injury Liability	
Professional Liability	
Stop Gap Liability	
Wrongful Act Liability	
Comprehensive Auto Liability	
Auto Physical Damage	
Garagekeepers	

*For all coverages combined

Workers' Compensation

To the extent required by law (or contractual obligations of the Organization)

WVOEO shall maintain a listing of all insurance policies in effect. This listing shall include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates
6. Date(s) premiums paid

RECORD RETENTION

Record Retention Policy

WVOEO retains records as required by grant guidelines and destroys them when appropriate. All files, both hard copy and electronic shall be labeled with topic, year (if applicable), and destruction date. Electronic copies shall be saved in appropriate folders on the network storage device. Hard copies should be stored in file cabinets or archived in the storage area.

Review and purging of files may take place on an ongoing basis, but must occur at least once per year, and must follow the minimum retention requirements outlined below.

The destruction of any documents containing social security numbers or any other "consumer data" as defined under federal laws and regulations shall be done via shredding using an approved shredding service provider.

All program documents retained by the WVOEO will be properly documented, standardized, recorded, and auditable. All records related to federal awards shall be maintained in accordance with requirements prescribed by or in 2 CFR § 200.333, 24 CFR 570.502; or 24 CFR 570.490 as applicable or HUD and retained for at least three years after the State makes final payments and all other pending matters concerning the federal award are closed. The WVOEO shall uphold source documentation, including contracts and sub-grant awards in hard ceps as well as electronically, when applicable. Hard copies will be stored in controlled rooms within file cabinets overseen by document maintenance staff.

Exception for Investigations

In connection with any ongoing or anticipated investigation into allegations of violations of federal laws or regulations, provisions of government awards, or violations of the Agency's Code of Conduct, the following exceptions are made to the preceding scheduled retention and/or destruction of records:

1. All records related to the subject of the investigation or allegation shall be exempt from any scheduled record destruction.

2. The term “records” shall also apply to any electronically stored record (e.g., documents stored on computers, email messages, etc.), which shall also be protected from destruction.



WEST VIRGINIA PURCHASING DIVISION

PROCEDURES HANDBOOK

STATE OF WEST VIRGINIA

Department of Administration
Purchasing Division
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The West Virginia Purchasing Division Procedures Handbook
July 1, 2015

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WEST VIRGINIA PURCHASING DIVISION

PROCEDURES HANDBOOK

INTRODUCTION

The *West Virginia Purchasing Division Procedures Handbook* is a helpful tool for all procurement officers, managers and employees to use in learning more about programs, procedures and services administered through the Purchasing Division.

This handbook was prepared with the assistance of purchasing professionals throughout West Virginia state government. It offers guidance for those who are new to the state purchasing process as well as those more experienced individuals. Each section offers specific information and procedures which should prove helpful to users in making sound, cost-efficient decisions.

As the Director of the West Virginia Purchasing Division, I strongly recommend the use of this handbook by all state procurement officers and their respective staffs. Our goal is to simplify and clarify the state's procurement process while ensuring fair and open competition with proper documentation of all purchasing transactions.

Because the Purchasing Division has responsibilities beyond procurement, information on our other programs, such as travel, fixed assets, and surplus property are also included within the appendices of this handbook.

This handbook provides each of us with a sound reference ensuring accuracy and consistency as we perform our procurement duties and responsibilities within West Virginia state government. My office is always open for questions, concerns and suggestions. I invite you to visit our Internet website at ***WVPurchasing.gov*** and our intranet site at ***http://intranet.state.wv.us/admin/purchase***.

Sincerely,

Dave Tincher, Director
West Virginia Purchasing Division



PROCEDURES HANDBOOK

SECTION 1: GENERAL INFORMATION

1.0 GENERAL INTRODUCTION

1.1 Mission Statement: The mission of the West Virginia Purchasing Division is to provide valued services to our customers by making sound and effective decisions in accordance with state law. As a customer-driven organization, we strive to exercise prudent and fair spending practices in acquiring quality goods and services in a timely fashion at the lowest possible price; to continually improve the services we offer to maximize the efficiency of state government; and to provide leadership and guidance to our customers – state agencies, vendors, legislators and the general public – while building lasting business relationships.

1.2 Statutory Authorization: The Purchasing Division was created and its duties are defined in the *West Virginia Code*, §5A-3-1 *et seq.* According to the Code, “the Purchasing Division was created for the purpose of establishing centralized offices to provide purchasing, and travel services to the various state agencies.” The Purchasing Division offers many other services to state agencies, political subdivisions, and the vendor community. These programs include, but are not limited to, Acquisition and Contract Administration, Surplus Property Program, Travel Management, Purchase Order Encumbrance and Inventory Management.

1.3 Regulatory Authorization: The Purchasing Division functions in adherence to its *West Virginia Code of State Rules (148 CSR 1)*. This Legislative Rule is included in this manual in **Appendix D** and serves as an explanation and clarification of operative procedures for the purchase of commodities and services by the Purchasing Division. It applies to all spending units of state government, except those statutorily exempted.

1.4 Required Use of Handbook: State procurement officers and their support staffs are required to use this handbook to perform procurement and other related activities.

1.5 Organization: The Purchasing Division is organizationally structured under the West Virginia Department of Administration. The sections within the division are detailed below:

Acquisition and Contract Administration Section:

- Process all purchases expected to exceed \$25,000
- Statewide Contracts
- Inspection Services
- Contract Management

Communication and Technical Services Section:

- Communication
- Professional Development
- Information Technology
- Imaging and Records Retention
- PO Encumbrance
- Vendor Registration
- Bid Distribution/Receipt

Program Services Section:

- State and Federal Surplus Property Programs
- Travel Management
- Inventory Management (Fixed Assets)

To view the most recent organizational chart for the Purchasing Division, please visit [***http://www.state.wv.us/admin/purchase/orgchart.pdf***](http://www.state.wv.us/admin/purchase/orgchart.pdf).

1.6 Disclaimer: The Purchasing Division Procedures Handbook is provided for reference purposes only. This handbook may be amended or changed at any time at the discretion of the Purchasing Director to ensure compliance with the laws, rules and procedures of the Purchasing Division and the State of West Virginia. Exceptions to these guidelines require written requests to and approval by the Purchasing Director.

1.7 Public Records: All records in the Purchasing Division related to purchase orders and contracts are considered public records, although the timing of the release of certain documents to the public does vary. Documents like the solicitation and any addenda are released for public viewing as part of the bidding process so those documents become public as soon as they are released. Similarly, bids may be viewed immediately after bid opening pursuant to West Virginia Code § 5A-3-11(g).

State agencies must refer to and follow the same procedures as the Purchasing Division when making public records available. As an example, agencies are responsible for making bids immediately available after the bid opening to the public when processing under its agency delegated procurement procedures.

Other information relating to the evaluation and eventual award will not be made public until after an award has been made. An award is considered complete only if the contract has been signed by the Purchasing Division, approved as to form by the Attorney General's Office, encumbered and placed in the U.S. mail. When contract award information is released prior to a contract award, that information may be incorrect, premature or erroneous and cause work to begin or vendors to protest.

The Purchasing Division generally publishes copies of bid documents and contract awards in an effort to comply with public disclosure requirements. It also makes all disclosable documents related to the public procurement available for inspection during normal business

hours and through Freedom of Information requests. Potential exemptions from the broad disclosure requirements are listed in the **West Virginia Code** §29B-1-4.

A vendor's submission of any information to the Purchasing Division puts the risk of disclosure on the vendor. A vendor may request (as described in the General Terms and Conditions) that certain information be exempted from disclosure under **West Virginia Code** §29B-1-4, but the Purchasing Division makes no guarantee that such a request will be honored.

Copies of records are available upon written request from the vendor. An electronic copy of imaged documentation may be obtained. Copies of most bids can be obtained from the Purchasing Division's website (www.state.wv.us/admin/purchase/bids).

1.8 Ethics: State procurement officers have the responsibility of purchasing commodities used in the operation of public programs and services in the most effective and efficient method available. In performing this task, certain guidelines based on the **West Virginia Code** must be followed. Our ethical standards must be of the highest degree since public funds are being used.

The Purchasing Division abides by the *Code of Ethics* created by the National Institute of Governmental Purchasing (NIGP), which is found in **Appendix F**.

1.9 wvOASIS Enterprise Resource Planning (ERP) System: The state's enterprise resource planning (ERP) system, which is referred to as wvOASIS, is a comprehensive suite of software modules that provide for statewide administrative functions, including financial management, procurement, asset management, personnel administration, payroll, time reporting and benefits administration. This system is used for advertising solicitations \$5,000 and more and awarding all procurements in excess of \$2,500.

1.10 Violations: The laws that govern the public purchasing process are strict and demand the highest degree of discretion and ethical behavior. The **West Virginia Code** addresses penalties for violating purchasing procedures:

§5A-3-17: Purchases or contracts violating article void; personal liability

If a spending unit purchases or contracts for commodities or services contrary to the provisions stated in the *Code* or the legislative rule, such purchase or contract shall be void and of no effect. The spending officer of such spending unit, or any other individual charged with responsibility for the purchase or contract, shall be personally liable for the costs of such purchase or contract and, if already paid out of state funds, the amount may be recovered in the name of the state in an appropriate action instituted therefore. *Provided*, that the state establishes by a preponderance of the evidence that the individual acted knowingly and willfully.

§5A-3-29: Penalty for violation of article

Any person who violates a provision of the *Code*, except where another penalty is prescribed, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be confined in jail not less than ten days nor more than one year, or fined not less than \$10 nor more than \$500, or both, in the discretion of the court.

§5A-3-30: Obtaining money and property under false pretenses or by fraud from state; penalties

It shall be unlawful for any person to obtain from the state under any contract made under the *Code*, by false pretense, token or representation, or by delivery of inferior commodities, with intent to defraud, any money, goods or other property, and upon violation thereof, such person shall be guilty of a felony, and, upon conviction thereof, shall be confined in the penitentiary not less than one year nor more than five years, and be fined not exceeding \$10,000.

§5A-3-31: Corrupt combinations, collusions or conspiracies prohibited; penalties

It shall be unlawful for any person to corruptly act alone or combine, collude or conspire with one or more persons with respect to the purchasing or supplying of services, commodities or printing to the state under the *Code* if the purpose or effect of such action, combination, collusion or conspiracy is either to lessen competition among prospective vendors, or cause the state to pay a higher price than would be or would have been paid in the absence of such action, combination, collusion or conspiracy, or cause one prospective vendor or vendors to be preferred over one or more other prospective vendor or vendors. Any person who violates any provision of this section is guilty of a felony and, upon conviction thereof, shall be imprisoned in a state correctional facility not less than one nor more than five years, and be fined not exceeding \$10,000.

§5A-3-32: Power of Director to suspend right to bid; notice of suspension

The Director shall have the power and authority to suspend, for a period not to exceed one year, the right and privilege of a vendor to bid on state purchases when the Director has reason to believe that such vendor has violated any of the provisions of the purchasing law or rules and regulations.

§5A-3-33: Review of suspension by Cabinet Secretary

Any vendor whose right to bid on state purchases has been suspended by the Director under the authority of *West Virginia Code* §5A-3-32, shall have the right to have the Director's action reviewed by the Cabinet Secretary (of the Department of Administration), who shall have the power and authority to set aside such suspension.

1.10.1 Additional Authority

In accordance with *West Virginia Code* §5A-3-3, the Purchasing Director has authority to issue a notice to cease and desist to a spending unit when the director has credible evidence that a spending unit has violated competitive bidding or other requirements established by this article and the rules promulgated hereunder. Failure to abide by such notice may result in penalties set forth in section seventeen of this article.

The *West Virginia Code* §5A-1-10(b) additionally outlines that the secretary of the Department of Administration shall issue a notice to cease and desist to any spending unit when the secretary has credible evidence that a spending unit has failed, whenever possible, to purchase commodities and services on a competitive basis or to use available statewide contracts. Failure to abide by such notice may result in penalties set

forth in 5A-3-17 as noted above. These provisions fall outside of the Purchasing Division's authority; therefore, this provision applies to those agencies exempt from the Purchasing Division.

1.11 General Prohibitions: The commodities and services available on state contracts are to be used for official purposes only and are not available for employees of a spending unit for their personal use.

Additionally, the use of the State Purchasing Card shall not to be used as a payment method to circumvent contracts.



PROCEDURES HANDBOOK

SECTION 2: DEFINITIONS, ABBREVIATIONS AND ACRONYMS

2.0 DEFINITIONS, ABBREVIATIONS AND ACRONYMS

2.1 Scope: When using this handbook, it is important to begin by defining various terms that are used in the state procurement process and in other programs administered by the Purchasing Division. Below are several of these terms and their definitions:

Agency - For the purpose of this handbook, “agency” has the same meaning as “spending unit.” This definition includes any department, bureau, division, office, board, commission, authority, agency, or institution of state government for which an appropriation is requested by the Governor, or to which an appropriation is made by the Legislature, unless a specific exemption from *West Virginia Code* §5A-1 is provided.

Agency Delegated Open-End Contract - A legal and binding instrument between the state agency and a vendor to exclusively provide a commodity which was competitively bid, evaluated, awarded and maintained by the state agency. This contract is for purchases under \$25,000 annually and for commodities and services that are frequently purchased that are not on a statewide contract.

Agency Delegated Purchase Order - A transaction which may be used by an agency to procure items within its delegated small purchase authority.

Agency Open-End Contract - A legal and binding instrument between the state agency and a vendor to exclusively provide a commodity which was competitively bid, evaluated, and awarded by the Purchasing Division and maintained by the state agency. This contract may be for unlimited dollars and for commodities or services that are frequently purchased that are not on a statewide contract.

Award Date - For purchases over \$25,000, the award date is the date of encumbrance by the Purchasing Division.

Best Value Procurement - Purchasing methods used in awarding a contract based on evaluating and comparing all established quality criteria where cost is not the sole determining factor in the award. This includes Request for Proposals (RFP) and Expression of Interest (EOI).

Bid – Anything that a vendor submits in response to a solicitation that constitutes an offer to the State and includes, but is not limited to, documents submitted in response to request for quotation, proposals submitted in response to a request for proposal, or proposals submitted in response to an expression of interest.

Bid Bond – A bond in which a third party agrees to be liable to pay a certain amount of money in the event a selected bidder fails to accept the contract as bid. This bond is usually five percent (5%) of the total bid amount.

Bid Opening - A firmly established date and time for the public opening of responses to a solicitation.

Buyer - An employee of the Purchasing Division whose primary assignment is purchasing commodities or services on behalf of the state.

Change Order - A document which is used when it becomes necessary to amend, clarify, change or cancel purchasing documents issued by the Purchasing Division.

Commodity - Supplies, materials, equipment, and any other articles or things used by or furnished to a department, agency or institution of state government.

Competitive Bidding - The process by which individuals or firms compete for an opportunity to supply specified commodities and services by submitting an offer in response to a solicitation.

Contract - An agreement between a state spending unit and a vendor relating to the procurement of commodities or services, or both.

Delivery Order - A written order to the contractor authorizing quantities of commodities and/or services to be delivered all in accordance with the terms, conditions, and prices stipulated in the original contract.

Electronic Transmission – Any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval and reproduction of information by the recipient.

Emergency - A purchase made when unforeseen circumstances arise, including delays by contractors, delays in transportation and unanticipated volume of work. A report of any such purchase, together with a record of competitive bids upon which it was based, is to be submitted to the Purchasing Director. Emergency purchases are not used for hardship resulting from neglect, poor planning or lack of organization by the spending unit. Failure to plan does not make it an emergency situation.

Encumbrance - A process which ensures that funding is available for the payments relating to a specific purchase order or contract.

Evaluation of Bids - After the bid opening, the process of examining all offers in order to determine the bidder's responsibility, responsiveness to requirements, conformance to specifications and other characteristics important to the recommendation or selection for award.

Expendable Commodities - Commodities which, when used in the ordinary course of business, will become consumed or of no market value within the period of one year or less.

Expression of Interest - A Best Value Procurement tool used for architectural and engineering services which is defined in **West Virginia Code** §5G-1, as “those professional services of an architectural or engineering nature as well as incidental services that members of those professions and those in their employ may logically or justifiably perform.”

Fixed Assets - Reportable property with an acquisition cost of \$1,000 or more **and** has a life of one (1) year or more.

General Terms and Conditions - Standard clauses and requirements developed by the Purchasing Division and incorporated into solicitations and resulting contracts.

Grant - The furnishing of assistance, financial or otherwise, to any person or entity to support a program authorized by law.

Labor and Materials Payment Bond - A bond submitted by the apparent successful vendor upon request of the state to ensure payment of labor and materials purchased or contracted for on behalf of the state in a construction project.

Lease - A written agreement between the owner of equipment (lessor) and a state agency (lessee) by which the owner agrees to give the agency permission to use the equipment for a predetermined fee (rental) for a period exceeding thirty (30) days. Title does not pass from the lessor to the lessee.

Lease Purchase - A written agreement in which the lease payments are applied, in whole or in part, as installment payments for equity or ownership upon completion of the agreement. Title transfers with the last installment payment to the lessee.

Maintenance Bond - A bond provided as a warranty of normally two (2) years, which is required on roofing projects.

Mandatory Terms - All terms and conditions in the written specification which are absolute and the compliance with cannot be waived. Failure to comply with mandatory terms shall require the vendor to be disqualified. Mandatory terms are indicated by the use of the terms *shall, will or must*.

Non-Mandatory Terms - All terms and conditions in the written specification which are not absolute. Non-mandatory terms are indicated by the use of the terms *may, should, preferred or could*, and are understood to be permissive and shall not be used to disqualify any vendor.

Non-profit Workshops - An establishment where manufacture or handiwork is carried on, which is operated either by a public agency, a cooperative, a nonprofit private corporation, or non-profit association, in which no part of the net earning inures, or may lawfully inure, to the benefit of any private shareholder or individual. It is operated for the primary purpose of providing remunerative employment to blind or severely disabled persons who cannot be absorbed into the competitive labor market and which shall be approved, as evidenced by a certificate of approval, by the State Board of Vocational Education, Division of Vocational Rehabilitation.

Notice to Proceed - A formal written communication most often used in construction contracts to establish the date for work to commence and determines the date for completion.

Open-End Contract - A generic term used for a contract that covers a period of time in which all terms, conditions and prices are specified with the exception of quantity.

Performance Bond – A bond in which a surety agrees to be liable to pay a certain amount of money in the event a vendor fails to perform a contract as bid. This bond is usually for the full amount of the contract.

Piggybacking - Utilizing any existing open-end contract of the federal government, agencies of other states, other public bodies or other state agencies to which the requesting agency was not an original party. Piggybacking requires prior approval by the Purchasing Director.

Pre-bid Conference - A meeting between vendors and agency personnel which offers an opportunity to emphasize and clarify critical aspects of a solicitation, eliminates misunderstanding and permits vendor input. Vendor attendance may be mandatory or voluntary as specified in the bid document.

Printing - Services including printing, binding, ruling, lithographing, engraving and other similar services.

Procurement - The buying, purchasing, renting, leasing or otherwise obtaining of commodities or services.

Protest - A formal, written complaint filed by a vendor regarding specifications or an award

Public funds - Funds of any character, including federal monies, belonging to or in the custody of any state spending unit.

Purchase Order - A document issued by the Purchasing Division used to execute a purchase transaction with a vendor. It serves as notice to a vendor that an award has been made.

Purchasing Affidavit - A form required to be completed by all vendors prior to the award of a contract. In accordance with **West Virginia Code**, §5A-3-10A, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor is a debtor and the debt owed is an amount greater than \$1,000 in the aggregate.

Purchasing Bulletin – An electronic publication made available on the Vendor Self-Service portal (VSS) as part of the wvOASIS system used to advertise purchases expected to exceed \$5,000 for most agencies in West Virginia's state government.

Removable Property - Any personal property not permanently affixed to or forming a part of real estate.

Renewal -When an existing contract is renewed for an additional time period in accordance with the terms and conditions of the original contract.

Rental - Temporary compensation or fee paid for the use of any equipment usually for a period of less than thirty (30) days.

Request for Information (RFI) - A document used to solicit information to assist in preparing specifications for a Request for Quotation (RFQ) or Request for Proposal (RFP). No award can be made from an RFI.

Request for Quotation (RFQ) - A document, containing the specifications or scope of work and all contractual terms and conditions, which is used to solicit written bids. Conformity to specifications and price are the only factors used in the evaluation process.

Request for Proposals (RFP) - A Best Value Procurement tool used to acquire professional and other services where the scope of work may not be well defined and cost is not the sole factor in determining the award. All criteria by which the bidders will be evaluated must be contained within the bid document.

Requisition - An electronic request in wvOASIS by an agency for the purchase of commodities and services.

Services - The furnishing of labor, time, expertise or effort, not involving the delivery of a specific end commodity or product other than one that may be incidental to the required performance.

Sole Source Purchase - A procurement method that allows for the direct purchase of commodities or services from a vendor when only one vendor can supply the needed commodity or service.

Solicitation - A written or oral attempt made by the state to obtain bids or proposals for the purpose of entering into a contract. Requests for Quotation (RFQ), Requests for Proposal (RFP), telephone calls or other documents may be used.

Spending Unit - A department, bureau, division, office, board, commission, authority, agency or institution of state government for which an appropriation is requested by the Governor, or to which an appropriation is made by the Legislature, unless a specific exemption from ***West Virginia Code §5A-1*** is provided.

Statewide Contract - An open-end contract issued by the Purchasing Division and made available to all state agencies to purchase frequently used commodities and services.

Stringing - Issuing a series of requisitions or dividing or planning procurements to circumvent the twenty-five thousand dollar threshold or otherwise avoid the use of sealed bids.

Tie Bid - When two (2) or more bids of equal terms and amount or score are received in response to a solicitation.

Unit Price - The cost per unit of the commodity or service.

Vendor - Any person or entity that may, through contract or other means, supply the state or its subdivisions with commodities and services, and lessors of real property.

Vendor Self-Service (VSS) Portal – This feature incorporates the vendor registration function as well as the ***West Virginia Purchasing Bulletin***, which includes commodities and services currently out for bid. The VSS portal also allows vendors to receive solicitation notifications by e-mail based on commodities and services noted at the time of registration; review awarded contracts; perform inquiries pertaining to awards; view payment status and update company contact information, including mail and e-mail addresses.

Vendor Preference - A numerical preference used during the evaluation of bids when comparing in-state and out-of-state bidders, pursuant to ***West Virginia Code*** §5A-3-37.

wvOASIS – An enterprise resource planning (ERP) system used by the state of West Virginia to process all financial transactions, including procurement.



PROCEDURES HANDBOOK

SECTION 3: ACQUISITION PLANNING

3.0 ACQUISITION PLANNING

3.1 General: The effective purchase of needed commodities and services begins with proper planning. The first step is to determine the commodity or service that is needed, the quantity, the quality level, delivery location and time frame.

When preparing for a purchase **prior to the actual bidding process**, the following steps should be taken:

- Define need
- Consider acquisition and delivery lead time
- Create specifications for the commodity
- Research the market
- Explore internal sources, considerations and approvals
- Check mandatory resources
- Prepare the requisition and maximum budgeted amount
- Identify possible vendors

3.2 Define Need: Determining the exact requirements for a commodity to perform a specific function is one of the most important tasks in the procurement process. The agency must take into consideration the problem to be resolved and what alternatives or options are available to satisfy the need. See **Appendix M – The Purchasing Division Decision Path**.

3.3 Acquisition and Delivery Lead Time

3.3.1 Administrative Lead Time: Administrative lead time is the time required to prepare documents, solicit bids, evaluate bids and make a contract award; can vary depending upon factors like the dollar value of the solicitation, agency promptness in fulfilling its role, responsiveness of vendors, and the complexity of the requisition; and is a part of all purchases.

Agencies should always consider the expiration of funds when planning administrative lead time.

3.3.2 Delivery Lead Time: Delivery Lead Time is the time required for the awarded vendor to deliver commodities or services. These times vary widely by industry, commodity, or service. Consideration must be given to market conditions which will affect delivery. Custom-made and complex items of equipment normally take longer to obtain than in-stock items.